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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

10 BRAD SHUMAN, Derivatively on Behalf ) Case No.:  
of LYFT, INC., )  
11 Plaintiff, )  
12 v. ) VERIFIED STOCKHOLDER DERIVATIVE  
13 LOGAN GREEN, JOHN ZIMMER, BRIAN ) COMPLAINT FOR BREACH OF  
ROBERTS, PRASHANT AGGARWAL, ) FIDUCIARY DUTY, UNJUST  
14 ANN MIURA-KO, VALERIE JARRETT, ) ENRICHMENT, AND CONTRIBUTION  
DAVID LAWEE, MARY AGNES )  
15 WILDEROTTER, HIROSHI MIKITANI, and )  
BEN HOROWITZ, )  
16 Defendants, )  
17 -and- )  
18 LYFT, INC., a Delaware Corporation, )  
19 Nominal Defendant. )  
20 ) DEMAND FOR JURY TRIAL

1 Plaintiff, by his attorneys, submits this Verified Stockholder Derivative Complaint for Breach of  
2 Fiduciary Duty, Unjust Enrichment, and Contribution. Plaintiff alleges the following on information and  
3 belief, except as to the allegations specifically pertaining to plaintiff which are based on personal  
4 knowledge. This complaint is also based on the investigation of plaintiff's counsel, which included,  
5 among other things, a review of public filings with the U.S. Securities and Exchange Commission  
6 ("SEC") and a review of news reports, press releases, and other publicly available sources.

7 **NATURE AND SUMMARY OF THE ACTION**

8 1. This is a stockholder derivative action brought by plaintiff on behalf of nominal defendant  
9 Lyft, Inc. ("Lyft" or the "Company") against certain of its officers and directors for breaches of fiduciary  
10 duty, unjust enrichment, contribution, and violations of law. These wrongs resulted in hundreds of  
11 millions of dollars in damages to Lyft's reputation, goodwill, and standing in the business community.  
12 Moreover, these actions have exposed Lyft to hundreds of millions of dollars in potential liability for  
13 violations of state and federal law.

14 2. Lyft operates a peer-to-peer marketplace for on-demand ridesharing in the United States  
15 and Canada. The Company connects passengers seeking transportation services with drivers willing to  
16 provide those services. Lyft has more recently expanded to offer its customers the ability to rent electric  
17 bicycles ("e-bikes") and scooters.

18 3. This action arises out of the disregard for the safety of the Company's customers, both  
19 passengers and drivers. There has been an epidemic among the ridesharing companies of sexual assault  
20 and harassment against females, whether they are drivers or passengers. Lyft has not been immune. As  
21 explained herein, the Company is facing a legion of lawsuits from females claiming they were harassed,  
22 assaulted, or worse while using the Lyft application (or "app"). The fault, they claim, is the Company's  
23 failure set up appropriate internal controls to protect the victims, such as in-car video monitoring and  
24 fingerprint-based background checks. In addition, Lyft failed to adequately investigate customer  
25 complaints of sexually inappropriate behavior. In addition to being morally repugnant, this failure to  
26 protect female drivers and riders runs counter to Lyft's mission critical attempts to distinguish itself as  
27 the responsible rideshare operator.

1       4.     Further, Lyft's e-bikes have been plagued with safety issues. Most notably, the Company  
 2 failed to properly install the braking mechanisms in its e-bikes. The result was significant injuries to  
 3 riders when the brakes failed to activate properly. Lyft's failure to take such basic precautions for its e-  
 4 bike riders once again runs contrary to messaging and reputation the Company was hoping to cultivate.

5       5.     The fault in these oversight failures lies squarely with the Individual Defendants (as  
 6 defined below). However, these defendants did more than breach their fiduciary duties of loyalty by  
 7 failing to implement appropriate internal controls. They actively misled the market. In particular, in the  
 8 Offering Documents (as defined below) issued in connection with Lyft's initial public offering (the  
 9 "IPO") and the statements that immediately followed, these defendants presented the possibility of  
 10 negative safety issues as a risk that had the potential to arise sometime in the future. The truth was,  
 11 however, that the above issues had already materialized. Thus, the Individual Defendants misled the  
 12 market by presenting a present fact as something that could potentially happen in the future.

13      6.     As the public learned about Lyft's issues with sexual harassment and assault and its e-  
 14 bikes, the Company's stock price precipitously declined well below the IPO price of \$72 per share and  
 15 never recovered. Indeed, the Company's stock currently trades at less than \$45 per share.

16      7.     As a direct result of this unlawful course of conduct, Lyft is now the subject of a federal  
 17 securities class action lawsuit in the U.S. District Court for the Northern District of California on behalf  
 18 of investors who purchased or acquired Lyft's shares traceable to the IPO (the "Securities Class Action").  
 19 On September 8, 2020, the court in the Securities Class Action denied the defendants' motion to dismiss,  
 20 substantially increasing the likelihood that Lyft will have to pay a substantial amount of money to resolve  
 21 the action.

## JURISDICTION AND VENUE

23      8.     Jurisdiction is conferred by 28 U.S.C. §1331 because plaintiff's claims raise a federal  
 24 question under section 11(f) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. §77k (f)(1),  
 25 and section 21D of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §78u-4(f).

26      9.     The Court has supplemental jurisdiction over plaintiff's state law claims pursuant to 28  
 27 U.S.C. §1337.  
 28

1       10. This Court also has jurisdiction over each defendant named herein because each defendant  
2 is either a corporation that conducts business in and maintains operations in this District, or is an  
3 individual who has sufficient minimum contacts with this District to render the exercise of jurisdiction  
4 by the District courts permissible under traditional notions of fair play and substantial justice.

## **INTRADISTRICT ASSIGNMENT**

12        12. A substantial portion of the transactions and wrongdoings which give rise to the claims in  
13 this action occurred in the County of San Francisco. A related derivative action is pending in the Oakland  
14 division of this Court and therefore, this action is properly assigned to the Oakland division.

## THE PARTIES

## **Plaintiff**

13. Plaintiff Brad Shuman has continuously been a stockholder of Lyft since March 2019.

## Nominal Defendant

19       14. Nominal defendant Lyft is a Delaware corporation with principal executive offices located  
20 at 185 Berry Street, Suite 5000, San Francisco, California. Lyft operates a peer-to-peer marketplace for  
21 on-demand ridesharing by connecting riders to drivers through its proprietary smartphone application.  
22 Lyft conducted the IPO of its common stock between March 28, 2019 and April 2, 2019. As of December  
23 31, 2019, Lyft had approximately 5,683 employees.

## Defendants

25        15.      Defendant Logan Green ("Green") is Lyft's Co-Founder, Chief Executive Officer, and a  
26 director and has been since March 2007.   Defendant Green is named as a defendant in two related  
27 securities class actions that allege he violated sections 11, 12(a)(2), and 15 of the Securities Act.   Lyft  
28 paid defendant Green the following compensation as an executive:

<b>Year</b>	<b>Salary</b>	<b>All Other Compensation</b>	<b>Total</b>
2019	\$441,346	\$360,218	\$801,564

16. Defendant John Zimmer ("Zimmer") is Lyft's Co-Founder and has been since March 2007; director and has been since June 2010; President and has been since March 2013; and Vice Chair and has been since January 2019. Defendant Zimmer was also Lyft's Chief Operating Officer from July 2008 to March 2013. Defendant Zimmer is named as a defendant in two related securities class actions that allege he violated sections 11, 12(a)(2), and 15 of the Securities Act. Lyft paid defendant Zimmer the following compensation as an executive:

<b>Year</b>	<b>Salary</b>	<b>All Other Compensation</b>	<b>Total</b>
2019	\$441,346	\$1,571,104	\$2,012,450

17. Defendant Brian Roberts ("Roberts") is Lyft's Chief Financial Officer and has been since November 2014. Defendant Roberts was also Lyft's Senior Vice President, Partnerships and Corporate Development from October 2014 to November 2014. Defendant Roberts is named as a defendant in two related securities actions that allege he violated sections 11, 12(a)(2), and 15 of the Securities Act. Lyft paid defendant Roberts the following compensation as an executive:

<b>Year</b>	<b>Salary</b>	<b>Stock Awards</b>	<b>All Other Compensation</b>	<b>Total</b>
2019	\$441,346	\$9,123,624	\$2,664	\$9,567,634

18. Defendant Prashant Aggarwal ("Aggarwal") is Lyft's Chairman of the Board of Directors (the "Board") and has been since January 2019 and a director and has been since February 2016. Defendant Aggarwal is also a member of Lyft's Audit Committee and has been since at least March 2019. Defendant Aggarwal is named as a defendant in two related securities actions that allege he violated sections 11, 12(a)(2), and 15 of the Securities Act. Lyft paid defendant Aggarwal the following compensation as a director:

<b>Fiscal Year</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards</b>	<b>Total</b>
2019	\$82,581	\$259,979	\$342,560

19. Defendant Ann Miura-Ko ("Miura-Ko") is a Lyft director and has been since March 2016. Defendant Miura-Ko was also a Lyft director from June 2010 to May 2013. Defendant Miura-Ko is named as a defendant in two related securities actions that allege she violated sections 11, 12(a)(2), and

1 15 of the Securities Act. Lyft paid defendant Miura-Ko the following compensation as a director:

Fiscal Year	Fees Earned or Paid in Cash	Stock Awards	Total
2019	\$38,817	\$259,979	\$298,796

20. Defendant Valerie Jarrett ("Jarrett") is a Lyft director and has been since July 2017.  
 21. Defendant Jarrett is also a member of Lyft's Audit Committee and has been since at least March 2019.  
 22. Defendant Jarrett is named as a defendant in two related securities actions that allege she violated sections  
 11, 12(a)(2), and 15 of the Securities Act. Lyft paid defendant Jarrett the following compensation as a  
 director:

Fiscal Year	Fees Earned or Paid in Cash	Stock Awards	Total
2019	\$41,861	\$259,979	\$301,840

23. Defendant David Lawee ("Lawee") is a Lyft director and has been since November 2017.  
 24. Defendant Lawee is named as a defendant in two related securities actions that allege he violated sections  
 11, 12(a)(2), and 15 of the Securities Act. Lyft paid defendant Lawee the following compensation as a  
 director:

Fiscal Year	Fees Earned or Paid in Cash	Stock Awards	Total
2019	\$49,472	\$259,979	\$309,451

25. Defendant Mary Agnes Wilderotter ("Wilderotter") is a Lyft director and has been since  
 May 2018. Defendant Wilderotter is also Chair and a member of Lyft's Audit Committee and has been  
 since at least March 2019. Defendant Wilderotter is named as a defendant in two related securities actions  
 that allege she violated sections 11, 12(a)(2), and 15 of the Securities Act. Lyft paid defendant  
 Wilderotter the following compensation as a director:

Fiscal Year	Fees Earned or Paid in Cash	Stock Awards	Total
2019	\$49,472	\$259,979	\$309,451

26. Defendant Hiroshi Mikitani ("Mikitani") was a Lyft director from March 2015 to August  
 2020. Defendant Mikitani is named as a defendant in two related securities actions that allege he violated  
 sections 11, 12(a)(2), and 15 of the Securities Act. Lyft paid defendant Mikitani the following  
 compensation as a director:

Fiscal Year	Fees Earned or Paid in Cash	Stock Awards	Total
2019	\$30,444	\$259,979	\$290,423

24. Defendant Ben Horowitz ("Horowitz") was a Lyft director from June 2016 to June 2020. Defendant Horowitz is named as a defendant in two related securities actions that allege he violated sections 11, 12(a)(2), and 15 of the Securities Act. Lyft paid defendant Horowitz the following compensation as a director:

Fiscal Year	Fees Earned or Paid in Cash	Stock Awards	Total
2019	\$36,914	\$259,979	\$296,893

25. The defendants identified in ¶¶15-17 are referred to herein as the "Officer Defendants." The defendants identified in ¶¶15-16, 18-24 are referred to herein as the "Director Defendants." The defendants identified in ¶¶18, 20, 22 are referred to herein as the "Audit Committee Defendants." Collectively, the defendants identified in ¶¶15-24 are referred to herein as the "Individual Defendants."

### **DUTIES OF THE INDIVIDUAL DEFENDANTS**

#### **Fiduciary Duties**

26. By reason of their positions as officers and directors of the Company, each of the Individual Defendants owed and owe Lyft and its stockholders fiduciary obligations of care and loyalty, and were and are required to use their utmost ability to control and manage Lyft in a fair, just, honest, and equitable manner. The Individual Defendants were and are required to act in furtherance of the best interest of Lyft and not in furtherance of their personal interest or benefit.

27. To discharge their duties, the officers and directors of Lyft were required to exercise reasonable and prudent supervision over the management, policies, practices, and controls of the financial affairs of the Company. By virtue of such duties, the officers and directors of Lyft were required to, among other things:

28. (a) implement controls that are meant to ensure the safety of the people using the Company's products;

(b) conduct the affairs of the Company in an efficient, business-like manner in compliance with all applicable laws, rules, and regulations so as to make it possible to provide the highest quality performance of its business, to avoid wasting the Company's assets, and to maximize the value of

1 || the Company's stock; and

6 | Breaches of Duties

7       28. The conduct of the Individual Defendants complained of herein involves a knowing and  
8 culpable violation of their obligations as officers and directors of Lyft, the absence of good faith on their  
9 part, and a reckless disregard for their duties to the Company that the Individual Defendants were aware  
10 or reckless in not being aware posed a risk of serious injury to the Company.

11       29. The Individual Defendants breached their duty of loyalty by allowing defendants to cause,  
12 or by themselves causing, the Company to engage in improper practices that wasted the Company's  
13 assets, and caused Lyft to incur substantial damage.

14       30. The Individual Defendants, because of their positions of control and authority as officers  
15 and/or directors of Lyft, were able to and did, directly or indirectly, exercise control over the wrongful  
16 acts complained of herein. The Individual Defendants also failed to prevent the other Individual  
17 Defendants from taking such illegal actions. As a result, and in addition to the damage the Company has  
18 already incurred, Lyft has expended, and will continue to expend, significant sums of money.

19 | Additional Duties of the Audit Committee Defendants

20       31. In addition to these duties, under its Charter, the Audit Committee Defendants, defendants  
21 Aggarwal, Jarrett, and Wilderotter, owed specific duties to Lyft to assist the Board in overseeing the  
22 Company's "accounting and financial reporting processes and internal controls," "compliance with  
23 applicable law (including U.S. federal securities laws and other legal and regulatory requirements)," and  
24 "ethical compliance programs, including the adequacy and effectiveness of initiatives related to values  
25 and ethics." In addition, the Audit Committee's Charter provides:

## **RESPONSIBILITIES**

The following are the principal recurring responsibilities of the Committee. The Committee may perform such other functions as are consistent with its purpose and applicable law,

rules and regulations and as the Board may request. In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

\* \* \*

5. Review Financial Statements. The Committee shall review and discuss the following with management, the internal auditors, if applicable, and the independent auditor, as applicable:

- The Company's annual audited and quarterly unaudited financial statements and annual and quarterly reports on Form 10-K and 10-Q, including the disclosures in "Management's Discussion and Analysis of Financial Condition and Results of Operations", and recommend to the Board whether the audited financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be included in the Company's Form 10-K.
- The results of the independent audit and the quarterly reviews of the Company's financial statements, and the independent auditor's opinion on the annual financial statements.
- Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles.
- Analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
- The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.
- Any problems or difficulties the independent auditor encountered in the course of its audit work, including any restrictions on the scope of the auditor's activities or on access to requested information, and management's response.

\* \* \*

8. Earnings Press Releases and Earnings Guidance. The Committee will review, in general, earnings press releases, and review and discuss with management and the independent auditors policies with respect to earnings press releases (with particular attention to any use of "pro forma" or "adjusted" non-GAAP information), financial information and earnings guidance provided to the public, analysts and ratings agencies.

9. Internal Controls. The Committee shall review and discuss with management, the internal auditors, and the independent auditor the adequacy and effectiveness of the Company's internal controls, including any changes, significant deficiencies or material weaknesses in those controls reported by the independent auditor, the internal auditors, if applicable, or management and any special audit steps adopted or changes required in light of any material control deficiencies, the reports and certifications regarding internal control

1 over financial reporting and any fraud, whether or not material, that involves management  
2 or other Company employees who have a significant role in the Company's internal  
3 controls.

4 10. Disclosure Controls and Procedures. The Committee shall review and discuss the  
adequacy and effectiveness of the Company's disclosure controls and procedures and the  
reports and certifications over disclosure controls and procedures.

5 \* \* \*

6 12. Risk Assessment and Risk Management. The Committee shall review and discuss with  
management, the internal auditors, if applicable, and the independent auditor the  
Company's major financial risk exposures and the steps management has taken to monitor  
and control those exposures, including the Company's guidelines and policies with respect  
to risk assessment and risk management pertaining to financial, accounting and tax matters.  
The Committee will also provide oversight of risks and exposures associated with  
cybersecurity matters. The Committee will also review the Company's risk management  
framework and programs, as well as the framework by which management discusses the  
Company's risk profile and risk exposures with the Board and its committees.

13 13. Legal and Regulatory Compliance. The Committee shall:

14 • Review and discuss with management, the internal auditors, if applicable, and the  
independent auditor (i) the overall adequacy and effectiveness of the Company's  
15 legal, regulatory and ethical compliance programs, including the Company's Code  
of Business Conduct and Ethics, compliance with anti-bribery and anti-corruption  
laws and regulations, and compliance with export control regulations and (ii)  
16 reports regarding compliance with applicable laws, regulations and internal  
compliance programs.

17

18 • Discuss with management and the independent auditor any correspondence with  
regulators or governmental agencies that raise material issues regarding the  
19 Company's financial statements or accounting policies.

20 • Discuss with a senior member of the Company's legal department any legal matters  
21 that may have a material impact on the financial statements or the Company's  
compliance procedures.

22

## OVERVIEW

23 32. Lyft operates a peer-to-peer marketplace for on-demand ridesharing in the United States  
24 and Canada. The Company offers a multimodal platform that provides riders, personalized and on-  
25 demand access to various transportation options. Essentially, through its mobile application, Lyft  
26 matches passengers with drivers. The Company's main competitor is Uber Technologies, Inc. ("Uber").  
27 Uber is substantially larger than Lyft. The Company has chosen to compete with Uber by, among other  
28

1 steps, building a reputation as a safer more socially conscious company. Accordingly, the Company's  
2 reputation is of key importance to it.

3       33. The Individual Defendants have risked this reputation and exposed Lyft to significant  
4 financial harm. As detailed below, the Individual Defendants allowed Lyft to operate in an unsafe manner  
5 by, among other things, having inadequate safeguards for its female customers and drivers and for its  
6 users of the Company's e-bikes. They then compounded this wrongdoing by presenting misleading  
7 information about both to the investing public. They misled the market about supposed key performance  
8 indicators, most notably "revenue as a percentage of bookings," as well as the Company's losses, and  
9 market share.

#### **10 Lyft Fails to Take Appropriate Steps to Protect Its Female Customers and Drivers**

11       34.     Lyft has touted "trust and safety" as a key benefit to riders and that it is committed to  
12 "social responsibility." The Company claimed that "[w]e have built a brand that balances our mission-  
13 driven ethos with a friendly, hospitality-oriented personality." Among other steps the Company claimed  
14 it took to keep customers safe, Lyft stated that "we have run extensive background and safety checks on  
15 drivers before they are approved to provide rides on our platform." The Offering Documents<sup>1</sup> also  
16 highlighted the Company's supposed commitment to trust and safety, stating:

## **Our Commitment to Trust & Safety**

A strong guiding principle since day one has been to build a community that drivers and riders trust. Trust is the foundation of our relationship with drivers and riders on our platform, and we take significant measures every day that are focused on their safety. This dedication led our customer support to be recently named number one in Newsweek's 2019 America's Best Customer Service rankings for the Taxi and Peer-to-Peer Ridesharing category.

\* \* \*

**Trust and Safety.** Safety is our top priority, and establishing a community built on trust and safety is paramount to our success.

\* \* \*

<sup>1</sup> Lyft filed the draft Registration Statement on Form S-1 with the SEC on March 1, 2019. After several amendments, the SEC declared the Registration Statement effective on March 28, 2019. Lyft filed the Prospectus with the SEC on March 29, 2019. The Registration Statement and Prospectus are collectively referred to herein as the "Offering Documents."

*Trust and Safety.* In the beginning, our Co-Founders interviewed every driver personally because establishing trust and safety has always been the top priority in building a successful community. Additionally, since day one we have run extensive background and safety checks on drivers before they are approved to provide rides on our platform. During the ride, we have designed numerous safety features into the Lyft experience, such as Share Route, which allows riders to share their location with family and friends, and Amp, a dashboard beacon that helps riders identify their drivers' vehicles. To help us uphold high community standards, we give both drivers and riders the opportunity to rate each other after a ride. If a driver is rated three stars or below, Lyft reviews the situation and contacts the rider if necessary to follow-up on the ride experience.

35. Despite the importance the Company placed on "safety," drivers for Lyft have committed an alarming amount of sexual assaults against its passengers. Some of these victims have brought lawsuits against the drivers and Lyft. The victims often claim that Lyft was at least negligent in its handling of the individuals that drive for it and the safety of the Company's customers.

36. These allegations are high profile and have damaged the Company's reputation and, more importantly, caused significant harm to the victims. For instance, on August 2, 2019, the *Washington Post* published an article titled "How Lyft Lost the Trust of #DeleteUber Women Who Thought It Was 'Woke'." The article explained that "[i]n interviews, nearly a dozen women from across the country described Lyft's response to allegations of sexual harassment as tone deaf and inadequate...." The Company has, according to the article, admitted that its "response had fallen short in some instances" and it "could do more in some cases of alleged sexual harassment." In fact, the Lyft mobile app is or was missing key features that were available on Uber for a substantial amount of time, such as a "panic button" that automatically dials 911. It took Lyft a year after Uber acted to add recurring driver background checks.

37. In September 2019, Lyft was sued by fourteen women in a purported mass tort action. These women claimed that they were all sexually assaulted by the Company's drivers and Lyft has known since 2015 that drivers were sexually assaulting and raping female customers. The complaint in that action highlights the lack of true screening process for drivers. It also noted that Lyft did not have a zero-tolerance policy for sexual misconduct and does not require non-harassment training. Lyft also does not monitor the rides as they take place. According to the complaint in the action, in one year, there were close to 100 reports of Lyft drivers sexually assaulting passengers in California.

1       38. This mass tort action was one of just numerous lawsuits pending against the Company.  
 2 Lyft is a defendant in at least one class action lawsuit on behalf of victims that were sexually assaulted  
 3 by the Company's drivers. This class action, pending in the Superior Court of California, San Luis Obispo  
 4 County, was brought by three woman from different areas of California all claiming they were sexually  
 5 assaulted by Lyft drivers. It also alleges that Lyft knew its security screening was deficient, that its  
 6 background checks were below industry standards, and that its derivers were not trained on sexual  
 7 harassment and abuse standards.

8       39. The allegations in the lawsuits are supported by news reports. For example, a 2018 CNN  
 9 investigation found that at least eighteen then current Lyft drivers in the United States had been accused  
 10 of sexually assaulting or abusing their passengers, four of which had been convicted. An article in the  
 11 *Cincinnati Enquirer* stated that a man remained a driver for months after he was arrested for first-degree  
 12 sexual abuse. After a number of sexual assault incidents involving Uber and Lyft drivers in the Seattle,  
 13 Washington, area, the Metropolitan King County Council stated that it is investigating the Company's  
 14 screening practices.

15       40. It is not just customers that are sexually assaulted. According to reports, female drivers  
 16 are also often victims. When these female drivers report the assaults to Lyft, the Company provides little  
 17 support. For instance, an article in the *Guardian* titled "Female Drivers Feel Abandoned by Uber and  
 18 Lyft After Reporting a Sexual Assault," details the experiences of female drivers, including one that was  
 19 assaulted by a passenger. When the driver reported the incident to Lyft, the Company merely stated it  
 20 suspended the passenger's account. In another instance, a female driver reported that a passenger brought  
 21 a gun into her car, who then tried to coerce the driver to drive around town for him. When she reported  
 22 the incident to Lyft, it took the Company five days before responding.

23       41. Lyft's poor record has drawn the attention of members of Congress. On October 1, 2019,  
 24 Senator Richard Blumenthal issued a series of statements on Twitter that were highly critical of Lyft.  
 25 According to Senator Blumenthal, Lyft "tell[s] employees to dissuade victims from notifying the  
 26 authorities."

27  
 28

1       42.     Uber, Lyft's main competitor, issued a report on the sexual assaults that occur in rides  
2 using the Uber app, revealing thousands of instances of sexual assault.<sup>2</sup> Lyft has yet to provide a similar  
3 report. However, due to the large overlap of drivers for both cars, it is likely that Lyft has similar  
4 numbers.

## 5 | Lyft's Recalls Thousands of E-Bikes Due to Safety Issues

6       43. In 2018, Lyft purchased Bikeshare Holdings LLC ("Motivate"), the country's largest  
7 bikesharing company, for \$250.9 million. As part of the Motivate acquisition, Lyft promised to invest  
8 another \$100 million to further extend the bikesharing system. Lyft stated that Motivate accounted for  
9 roughly 74% of the bikeshare trips in the U.S. and operated networks in New York City, San Francisco,  
10 Chicago, and other metro areas. The Company's purchase of Motivate closed on November 30, 2018.

11       44. Motivate was a key acquisition for the Company and repeatedly touted in its public  
12 statements. For instance, the Offering Documents stated: "Today, our offerings include *an expanded set*  
13 *of transportation modes, such as access to a network of shared bikes and scooters for shorter rides and*  
14 *first-mile and last-mile legs of multimodal trips.*"

15        45. Specifically highlighting the purported safety and value of the newly acquired bike sharing  
16 program, the Registration Statement stated in pertinent part as follows:

- Bikes and Scooters. We have a network of shared bikes and scooters in a number of cities to address the needs of riders who are looking for lower priced, more active and often more efficient options for short trips during heavy traffic. *These modes can also help supplement the first mile and last mile of a multimodal trip with public transit.*

\* \* \*

## *Lyft Bikes and Scooters*

Our network of shared bikes and scooters is our first extension to modes addressing shorter trip lengths. Bikes and scooters are also the most affordable transportation options on our platform to date. Our strategy is to work closely with cities on the deployment of bikes and scooters. We are committing to high safety standards for the operation of bikes and scooters on our platform to best serve our riders and broader communities. As such, we

<sup>2</sup> Kate Conger, *Uber Says 3,045 Sexual Assaults Were Reported in U.S. Rides Last Year*, N.Y. Times (Dec. 5, 2019), <https://www.nytimes.com/2019/12/05/technology/uber-sexual-assaults-murders-deaths-safety.html>.

1 partner with cities and organizations to provide capital and technology solutions that  
 2 expand protected bike lanes and reduce speeding.

3 We also work closely with cities to offer the Lyft Community Pass, a discount program  
 4 that includes unlimited, 30-minute rides to qualified, low-income residents in our service  
 areas for an easy, affordable way to get around.

5 *LyftBikes*

6 Lyft bikes are standard and electric pedal-assist bicycles. ***Through our acquisition of***  
***Motivate, the largest bike sharing platform in the United States, we are well-positioned***  
***to lead sustainable mobility in the markets we serve.*** This platform brings ***expertise in***  
***managing bike share systems*** in partnership with cities and local governments across the  
 7 country, currently operating in nine major cities across the United States. In 2017, there  
 8 were more than 35 million bike share trips in the United States, of which 74% were on  
 9 Motivate systems.

10 46. The Registration Statement specifically emphasized the new bikesharing service in its list  
 11 of "Powerful Trends Enabling Change," stating in pertinent part as follows:

12 ***Emergence of New Modes of Transportation.*** New modes of shared transportation are  
 13 being deployed and are improving the consumer experience by enabling riders to optimize  
 14 across preferences including cost, comfort and time. ***For example, networks of shared***  
***bikes and scooters provide affordable options, potentially more efficient first-mile and***  
***last-mile rides and access for communities that have been historically underserved.*** We  
 15 believe that in the future, fleets of autonomous vehicles will unlock a new mode of  
 transportation that will complement existing modes on scaled TaaS networks.

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1       47. The Motivate acquisition and Lyft's growing bikesharing program was also prominently  
2 highlighted in the display of the Company's growing revenues:



20       48. The Registration Statement also promoted the new bikesharing service prominently in the  
21 Company's business and financial growth plan then underway, stating in pertinent part as follows:

## *Our Growth Strategy*

U.S. consumers spend over \$1.2 trillion on transportation annually. We are in the very early phase of capturing this large opportunity. Our key growth strategies include our plans to:

- ***Grow Our Rider Base.*** We see significant opportunity to continue to grow our rider base. We intend to drive organic adoption in our rider base by continuing to make investments in our brand and growth marketing to increase consumer awareness. We also offer discounts for first time riders to try Lyft and incentives for existing drivers and riders to refer new riders, and we plan to continue to add density to our ridesharing marketplace by attracting and retaining drivers to our platform to further improve the rider experience. Additionally, we are expanding our platform coverage beyond the geographies and markets

1 we currently serve. We also believe we will benefit from demographic trends, such as the  
 2 growing percentage of the population who are born as digital natives accustomed to on-  
 3 demand and shared offerings.

4 • ***Increase Our Use Cases.*** Increase Our Use Cases. We continuously work to extend our  
 5 offerings to make Lyft the TaaS network of choice across an expanding range of use cases.  
 6 We offer products to simplify travel decision-making and expand the potential uses for our  
 7 platform, such as subscription plans, commuter services, ***first-mile and last-mile services***  
 8 and university safe rides programs. We also provide centralized tools and solutions tailored  
 9 to businesses, such as our Concierge offering, which enables organizations to manage the  
 transportation needs of their customers and employees.

10 • ***Expand Our Multimodal Offerings.*** We continue to make Lyft an everyday experience  
 11 for riders through our ***multimodal platform*** designed to address a wide range of  
 12 transportation needs. By expanding our multimodal offerings, we can offer riders options  
 13 that best fit their criteria directly from the Lyft app, which increases rider engagement

14 • ***Grow Our Share of Rider Transportation Spend.*** As we continue to increase rider loyalty  
 15 to our brand and expand our use cases and the breadth of our multimodal offerings, we  
 16 believe we will also increase our share of rider transportation spend. For example, a rider  
 may start using our ridesharing offering for a night out and then choose Lyft again for travel  
 to the airport. Once they have experienced the reliability and convenience of Lyft, they  
 may incorporate Shared Rides into their daily commute and, ***for shorter rides or when  
 connecting to public transit, rent one of our shared bikes or scooters.*** Usage of our  
 platform has typically increased over time. For example, riders who took their first ride on  
 our platform in 2015, or our 2015 cohort, took an aggregate of 25.1 million rides during  
 2015. In 2018, this 2015 cohort took an aggregate of 66.9 million rides, representing 266%  
 of the rides taken by the cohort in 2015.

17 • ***Invest in Technology to Strengthen Our Network and Increase Efficiency.*** Our  
 18 investments in proprietary technologies and predictive analytics leverage insights derived  
 19 from the rich set of data generated by our platform. These investments allow us to deliver  
 20 an affordable, convenient and high-quality experience for our riders and increase the  
 21 earnings of drivers. Our investments in mapping, routing, payments, in-app navigation and  
 22 matching technologies are key to integrating technology and leveraging data science into  
 23 our platform in order to increase the efficiency of our platform and improve safety. In  
 24 addition, we are investing in autonomous technology, which we believe will be a critical  
 25 part of the future of transportation.

26 • ***Pursue M & A and Strategic Partners/tips. In November 2018, we acquired Motivate,  
 27 the largest bike sharing platform in the United States.*** We will continue to selectively  
 pursue acquisitions that contribute to the growth of our current business, help us expand  
 into adjacent markets or add new capabilities to our platform. We believe drivers and riders  
 on our platform will also benefit from a broader partner ecosystem that expands our  
 marketing and loyalty programs and employee ride solutions. We have built strong  
 relationships with transportation suppliers, state and local governments and technology  
 solutions providers.

28 \* \* \*

1 We are continuing to invest in the future, both organically acquisitions of complementary  
 2 businesses. **We are investing in the expansion of our scooter network and have expanded**  
**into shared bikes with our recent Motivate, the largest bike sharing platform in the**  
 3 **United States.**

4 49. When discussing Motivate, the Offering Documents expressly emphasized the *safety* of  
 5 the design of the newly acquired bike sharing program, and how that investment would continue to  
 6 contribute to Lyft's business growth and profitability, stating in pertinent part as follows:

7 *Investments in Network of Shared Bikes and Scooters and Autonomous Development*

8 We have made, and intend to continue to make, significant investments in new modes of  
 9 transportation to grow the scale of our operations and enhance our multimodal platform.  
 10 **We believe that in order to offer a best-in-class multimodal platform, we have to invest**  
**in bikes and scooters that meet or exceed industry standards of safety and performance**  
 11 **and offer a superior rider experience.** We expect these investments will require up front  
 12 capital expenditures and result in substantial depreciation over time as we introduce new  
 13 generations of bikes and scooters.

14 \* \* \*

15 ***Lyft Bikes and Scooters***

16 Our network of shared bikes and scooters is our first extension to modes addressing shorter  
 17 trip lengths. Bikes and scooters are also the m transportation options on our platform to  
 18 date. Our strategy is to work closely on the deployment of bikes and scooters. **We are**  
**committing to high safety standards for the operation of bikes and scooters on our**  
**platform to best serve broader communities.** As such, we partner with cities and  
 19 organizations to provide capital and technology solutions that expand protected bike lanes  
 and reduce speeding. We also work closely with cities to offer the Lyft Community Pass,  
 a discount program that includes unlimited, 30-minute rides to qualified, low-income  
 residents in our service areas for an easy, affordable way to get around.

20 \* \* \*

21 ***The ways we promote safety include:***

22 • **Bikes and Scooters.** Safety is a key tenet that guides our work with bikes and scooters.  
 23 We are providing the necessary education and support for all riders and are working with  
 24 partners to provide the capital and technology solutions to expand protected bikes lanes  
 25 and reduce speeding. We are working with organizations, like Together For Safer Roads,  
 26 that collaborate with local bike and pedestrian advocates to help protect our community  
 27 members. We are also giving away free helmets in select markets for our riders.

1       50. Accordingly, the Individual Defendants knew of both the importance of the bikesharing  
 2 program to the Company and that the bikes were safe. Yet, they allowed the Company's e-bikes to operate  
 3 without proper braking systems and other technical flaws.

4       51. In 2018, Motivate began rolling out e-bikes to the markets it served. For example, New  
 5 York City began receiving e-bikes in August 2018. Lyft had hoped to have 4,000 e-bikes in New York  
 6 City by June 2019, part of a \$100 million expansion of Motivate's bikesharing in New York. However,  
 7 in April 2019, it was reported that Lyft was pulling the e-bikes in New York City, Washington, D.C., and  
 8 San Francisco due to safety issues with the e-bikes. The Company blamed the recall on an issue with the  
 9 e-bikes' "braking systems." Then, in July 2019, it was reported that Lyft was pulling its e-bikes because  
 10 the batteries on the bicycles could catch fire.

11       52. The e-bike brake maker, Shimano, placed the blame for the braking problems squarely on  
 12 Lyft. Shimano stated that the e-bikes required a "power modulator" to ensure proper function, a device  
 13 that was not on Lyft's e-bikes. Shimano further stated that its user and deal manual explicitly warned  
 14 that "if the hub is not equipped with the power modulator, the braking force may be excessively applied."  
 15 In particular, Shimano stated:

16           Shimano provides specification requirements for bicycle manufacturers to refer to when  
 17 designing bicycles. When designed and assembled to these specifications the brakes  
 18 perform to global standards. With regards to this specific case, based on the information  
 19 we have, ***this is not a Shimano brake issue*** as the specification requires the use of a power  
 20 modulator for this brake. It appears this specification was not followed by manufacturers  
 21 of some of the bicycles in question.

22       53. *Bicycling Magazine* spoke with a Motivate bike mechanic who said "employees were not  
 23 trained to work with the electronic braking systems or e-brakes in general. As reports of crashes came  
 24 in, mechanics were told to run through a series of basic maintenance tests, including torquing and re-  
 25 greasing the brakes. None of these seemed to work." The mechanic further stated, "I do believe it was  
 26 a fundamental lack of knowledge about what was going on[.] ... It seems like we were getting repairs  
 27 into the shop before most mechanics knew how to work on them," and that "[t]he e-bikes seemed a bit  
 28 rushed, almost like they were trying to make it out first rather than taking the time to do things right."

29       54. Similarly, a Citi Bike employee with knowledge of the electric bikes told the *New York*  
 30 *Daily News*: "I knew this was going to occur," and "[i]t's just one quick fix after another— these bikes

1 are cheap."

2       55. Cities had signed exclusive deals with Motivate or Lyft to operate their bikesharing  
 3 system. The Company's rivals, including Uber, have complained about these exclusive deals. In addition  
 4 to the potential rider injuries, monetary waste, and harm to the Company's market capitalization, these  
 5 issues with Lyft's e-bikes increases the chance that cities will no longer sign exclusive deals with the  
 6 Company.

7 **The Individual Defendants Make Misleading Statements**

8       56. Lyft's IPO closed on April 2, 2019. Through the IPO, the Company sold 32.5 million  
 9 shares of its stock to the public at \$72 per share for total proceeds of over \$2.275 billion. The IPO was  
 10 conducted pursuant to the Offering Documents. Defendants Green, Zimmer, Roberts, Aggarwal,  
 11 Horowitz, Jarrett, Lawee, Mikitani, Miura-Ko, and Wilderotter signed the Offering Documents. The  
 12 Offering Documents contained misleading information and omitted material information that was  
 13 required to be included. In particular, the Offering Documents discussed risks to the Company that had  
 14 already materialized concerning rider safety and the bikeshare program.

15       57. Regarding the potential liability from riders, drivers, or third parties that are harmed due  
 16 to Lyft, the Offering Documents stated:

17       *We could be subject to claims from riders, drivers or third parties that are harmed  
 18 whether or not our platform is in use, which could adversely affect our business, brand,  
 financial condition and results of operations.*

19       We are regularly subject to claims, lawsuits, investigations and other legal proceedings  
 20 relating to injuries to, or deaths of, riders, drivers or third parties that are attributed to us  
 21 through our offerings. We **may** also be subject to claims alleging that we are directly or  
 22 vicariously liable for the acts of the drivers on our platform. We **may** be subject to personal  
 23 injury claims whether or not such injury actually occurred as a result of activity on our  
 24 platform. For example, third parties have in the past asserted legal claims against us in  
 25 connection with personal injuries related to the actions of a driver or rider who may have  
 previously utilized our platform, but was not at the time of such injury. We have incurred  
 expenses to settle personal injury claims, which we sometimes choose to settle for reasons  
 including expediency, protection of our reputation and to prevent the uncertainty of  
 litigating, and we expect that such expenses will continue to increase as our business grows  
 and we face increasing public scrutiny.

1       58.     Concerning customer injuries, the Offering Documents stated:

2              ***Personal Injury Matters***

3       In the ordinary course of our business, various parties have from time to time claimed, and  
4       may claim in the future, that we are liable for damages related to accidents or other  
5       incidents involving drivers or riders using or who have used services offered on our  
6       platform, as well as from third parties. We are currently named as a defendant in a number  
7       of matters related to accidents or other incidents involving drivers on our platform, other  
8       riders and third parties. In many of these matters, we believe we have meritorious defenses,  
9       dispute the allegations of wrongdoing and intend to defend ourselves vigorously. ***There is***  
10      ***no pending or threatened legal proceeding that has arisen from these accidents or***  
11      ***incidents that individually, in our opinion, is likely to have a material impact on our***  
12      ***business, financial condition or results of operations;*** however, results of litigation and  
13      claims are inherently unpredictable and legal proceedings related to such accidents or  
14      incidents, in the aggregate, could have a material impact on our business, financial  
15      condition and results of operations. Regardless of the outcome, litigation can have an  
16      adverse impact on us because of defense and settlement costs individually and in the  
17      aggregate, diversion of management resources and other factors.

18       59.     Just as egregious as the above misleading "warnings" was that Lyft failed to mention  
19       sexual assault at all in its Offering Documents, despite the Company facing a serious crisis over riders  
20       being assaulted.

21       60.     Concerning the e-bikes, the Offering Documents stated:

22       Our business in part depends on our ability to efficiently grow and further develop our  
23       network of shared bikes and scooters, which ***may*** not grow as we expect or become  
24       profitable over time.

25       61.     In discussing the potential "Risk Factors" that could adversely affect the Company's  
26       growth and financial condition, the Offering Documents provided:

27       [T]he market for our other offerings, such as our network of shared bikes bike and scooters,  
28       is new and unproven, and it is uncertain whether demand for bike and scooter sharing will  
1       continue to grow and achieve wide market acceptance. Our success will depend to a  
2       substantial extent on the willingness of people to widely-adopt ridesharing and our other  
3       offerings. If the public does not perceive our ridesharing or our other offerings as  
4       beneficial, or chooses not to result them as a result of concerns regarding safety,  
5       affordability, or other reasons, whether as a result of incidents on our platform or on our  
6       competitors' platforms or otherwise, then the market for our offering ***may*** not further  
7       develop, ***may*** develop more slowly than we expect or ***may*** not achieve the growth potential  
8       we expect, any of which could adversely affect our business, financial condition and results  
9       of operations.

62. Similarly, the Company disclosed the "risk" that it might not achieve growth and profitability "[e]ven if we are able to successfully develop and implement our network of shared bikes and scooters," but couched this "risk" in hypothetical terms by stating:

[T]here may be heightened public skepticism of this nascent service offering. In particular, there could be negative public perception surrounding bike and scooter sharing, including the overall safety and the potential for injuries occurring as a result of accidents involving an increased number of bikes and scooters on the road. Such negative public perception may result from incidents on our platform[.]

Our bikes and scooters or components thereof, including bikes and scooters and components that we design and contract to manufacture using third party suppliers, may experience quality problems or defects from time to time, which could result in decreased usage of our network of shared bikes and scooters. There can be no assurance we will be able to detect and fix all defects in our bikes and scooters. Failure to do so could result in lost revenue, litigation or regulatory challenges, including personal injury or products liability claims, and harm to our reputation.

63. The Offering Documents also disclosed the "risk" that "[o]ur bikes and scooters may experience quality problems from time to time, which could result in product recalls, injuries, litigation, enforcement actions and regulatory proceedings, and could adversely affect our business, brand, financial condition and results of operations." In particular the Offering Documents stated:

We design and contract to manufacture, and directly and indirectly modify, maintain and repair, bikes and scooters for our network of shared bikes and scooters. Such bikes and scooters may contain defects in their design, materials and construction or may be improperly maintained or repaired. These defects or improper maintenance or repair could unexpectedly interfere with the intended operations of the bikes or scooters, which could result in injuries to riders.

64. In describing the "risk" of claims from riders of Lyft's bikes, the Offering Documents hypothetically warned:

As we expand our network of shared bikes and scooters, we may be subject to an increasing number of claims, lawsuits, investigations or other legal proceedings related to injuries to, or deaths of, riders of our bikes and scooters. Any such claims arising from the use of our bikes and scooters, regardless of merit or outcome, could lead to negative publicity, harm to our reputation and brand, significant legal, regulatory or financial exposure or decreased use of our bikes and scooters.

65. On May 7, 2019, Lyft issued a press release announcing its first quarter of 2019 financial results. The Company held an earnings conference call that same day. During the call, defendant Zimmer

1 highlighted the Company's "exclusive bikeshare operating contracts" as an example of an "area[] of  
2 execution that [is] helping [the Company] grow fast at scale."

3       66. On May 14, 2019, Lyft filed its Quarterly Report on Form 10-Q for the first quarter ended  
4 March 31, 2019 with the SEC. The Form 10-Q purported to disclose the risks the Company may face in  
5 the future. In particular, it stated:

*Our reputation, brand and the network effects among the drivers and riders on our platform are important to our success, and if we are not able to continue developing our reputation, brand and network effects, our business, financial condition and results of operations could be adversely affected.*

We believe that building a strong reputation and brand as a safe, reliable and affordable platform and continuing to increase the strength of the network effects among the drivers and riders on our platform are critical to our ability to attract and retain qualified drivers and riders. The successful development of our reputation, brand and network effects will depend on a number of factors, many of which are outside our control. Negative perception of our platform or company may harm our reputation, brand and networks effects, including as a result of:

- complaints or negative publicity about us, drivers on our platform, riders, our offerings or our policies and guidelines, even if factually incorrect or based on isolated incidents;

- a failure to operate our business in a way that is consistent with our values and mission;

- inadequate or unsatisfactory user support service experiences;

- illegal or otherwise inappropriate behavior by our management team or other employees or contractors;

\* \* \*

*We rely on third-party background check providers to screen potential drivers, and if such providers fail to provide accurate information or we do not maintain business relationships with them, our business, financial condition and results of operations could be adversely affected.*

\* \* \*

Any negative publicity related to any of our third-party background check providers, including publicity related to safety incidents or data security breaches, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could adversely affect our business, financial condition and results of operations.

\* \* \*

*Our company culture has contributed to our success and if we cannot maintain this culture as we grow, our business could be harmed.*

1 We believe that our company culture, which promotes authenticity, empathy and support  
2 for others, has been critical to our success. We face a number of challenges that may affect  
3 our ability to sustain our corporate culture, including:

4 \* \* \*

5 If we are not able to maintain our culture, our business, financial condition and results of  
6 operations could be adversely affected.

7 \* \* \*

8 ***We could be subject to claims from riders, drivers or third parties that are harmed  
9 whether or not our platform is in use, which could adversely affect our business, brand,  
10 financial condition and results of operations.***

11 We are regularly subject to claims, lawsuits, investigations and other legal proceedings  
12 relating to injuries to, or deaths of, riders, drivers or third parties that are attributed to us  
13 through our offerings. We may also be subject to claims alleging that we are directly or  
14 vicariously liable for the acts of the drivers on our platform. We may be subject to personal  
15 injury claims whether or not such injury actually occurred as a result of activity on our  
16 platform. For example, third parties have in the past asserted legal claims against us in  
17 connection with personal injuries related to the actions of a driver or rider who may have  
18 previously utilized our platform, but was not at the time of such injury. We have incurred  
19 expenses to settle personal injury claims, which we sometimes choose to settle for reasons  
20 including expediency, protection of our reputation and to prevent the uncertainty of  
21 litigating, and we expect that such expenses will continue to increase as our business grows  
22 and we face increasing public scrutiny.

23 \* \* \*

24 ***Personal Injury Matters***

25 \* \* \*

26 There is no pending or threatened legal proceeding that has arisen from these accidents or  
27 incidents that individually, in our opinion, is likely to have a material impact on our  
28 business, financial condition or results of operations; however, results of litigation and  
claims are inherently unpredictable and legal proceedings related to such accidents or  
incidents, in the aggregate, could have a material impact on our business, financial  
condition and results of operations. Regardless of the outcome, litigation can have an  
adverse impact on us because of defense and settlement costs individually and in the  
aggregate, diversion of management resources and other factors.

29  
30 67. Regarding the Company's bikeshare efforts, the Form 10-Q stated:

31 ***Our bikes and scooters may experience quality problems from time to time, which could  
32 result in product recalls, injuries, litigation, enforcement actions and regulatory  
33 proceedings, and could adversely affect our business, brand, financial condition and  
34 results of operations.***

1 We design and contract to manufacture, and directly and indirectly modify, maintain and  
 2 repair, bikes and scooters for our network of shared bikes and scooters. Such bikes and  
 3 scooters may contain defects in their design, materials and construction or may be  
 4 improperly maintained or repaired. These defects or improper maintenance or repair could  
 5 unexpectedly interfere with the intended operations of the bikes or scooters, which could  
 6 result in injuries to riders.

7 \* \* \*

8 As we expand our network of shared bikes and scooters, we may be subject to an increasing  
 9 number of claims, lawsuits, investigations or other legal proceedings related to injuries to,  
 10 or deaths of, riders of our bikes and scooters. Any such claims arising from the use of our  
 11 bikes and scooters, regardless of merit or outcome, could lead to negative publicity, harm  
 12 to our reputation and brand, significant legal, regulatory or financial exposure or decreased  
 13 use of our bikes and scooters.

14 68. The truth was, however, that these risks had already arisen at the time of the Offering  
 15 Documents. Thus, by couching current events as hypothetical risks that might occur in the future, the  
 16 Individual Defendants misled the market.

17 69. As reports emerged of Lyft's widespread problems with safety, including the additional  
 18 reports of sexual assaults, and issues with its e-bikes, the Company's stock price fell precipitously. By  
 19 May 17, 2019, when the securities class action was filed, Lyft's stock price had fallen to \$53.79 per share,  
 20 over \$18 below its IPO price.

21 70. Notably, on September 8, 2020, the court in the Securities Class Action denied the  
 22 defendants' motion to dismiss as it applied to these "risk disclosure"-based statements. This denial  
 23 substantially increases the likelihood that Lyft will have to pay substantial amounts to defend and resolve  
 24 the Securities Class Action.

## 25 **DAMAGES TO LYFT**

26 71. As a result of the Individual Defendants' improprieties, Lyft operated without adequate  
 27 safety controls, exposed its female drivers and riders to sexual assaults and threatened its e-bike  
 28 customers with bodily injury. In addition, the Individual Defendants disseminated improper, public  
 statements that misleadingly presented current events as future possible risks.

72. As a direct and proximate result of the Individual Defendants' actions, Lyft has expended,  
 and will continue to expend, significant sums of money. Such expenditures include, but are not limited  
 to:

1                         (a)     costs incurred from defending and paying any settlement in the class actions for  
2 violations of federal securities laws;

3                         (b)     costs incurred from defending and paying any settlements in the sexual assault  
4 litigation;

5                         (c)     costs incurred from defending and paying any settlements in personal injury cases  
6 resulting from the defective e-bikes;

7                         (d)     fines or other penalties imposed by customers due to Lyft not being able to deliver  
8 on promised e-bike systems; and

9                         (e)     costs incurred from compensation and benefits paid to the defendants who have  
10 breached their duties to Lyft.

### **DERIVATIVE AND DEMAND FUTILITY ALLEGATIONS**

12         73. Plaintiff brings this action derivatively in the right and for the benefit of Lyft to redress  
13 injuries suffered, and to be suffered, by Lyft as a direct result of breaches of fiduciary duty, waste of  
14 corporate assets, and unjust enrichment, as well as the aiding and abetting thereof, by the Individual  
15 Defendants. Lyft is named as a nominal defendant solely in a derivative capacity. This is not a collusive  
16 action to confer jurisdiction on this Court that it would not otherwise have.

17         74. Plaintiff will adequately and fairly represent the interests of Lyft in enforcing and  
18 prosecuting its rights.

19         75. Plaintiff has continuously been a stockholder of Lyft since March 2019.

20         76. The current Board of Lyft consists of the following seven individuals: defendants  
21 Aggarwal, Green, Zimmer, Jarrett, Lawee, Miura-Ko, and Wilderotter. Plaintiff has not made any  
22 demand on the present Board to institute this action because such a demand would be a futile, wasteful,  
23 and useless act, as set forth below.

### **Demand Is Excused Because Defendants Aggarwal, Green, Zimmer, Jarrett, Lawee, Miura-Ko, and Wilderotter Face a Substantial Likelihood of Liability for Their Misconduct**

26         77. As alleged above, defendants Aggarwal, Green, Zimmer, Jarrett, Lawee, Miura-Ko, and  
27 Wilderotter breached their fiduciary duties of loyalty by making improper statements in the Company's  
28 SEC filings.

1       78.     The Company's reputation is a mission critical aspect in distinguishing Lyft from its main  
 2 competitor Uber. Despite this fact, defendants Aggarwal, Green, Zimmer, Jarrett, Lawee, Miura-Ko, and  
 3 Wilderotter allowed Lyft to operate without appropriate safety controls, which in turn allowed women to  
 4 be harassed and assaulted. They allowed Lyft to continue to operate in this manner even as the red flags  
 5 continued to arise through lawsuits and articles about the sexual harassment and assaults occurring to  
 6 Lyft's female customers and drivers. Accordingly, defendants Aggarwal, Green, Zimmer, Jarrett, Lawee,  
 7 Miura-Ko, and Wilderotter face a substantial likelihood of liability.

8       79.     In addition, as explained above and in the Offering Documents, the Company's major  
 9 purchase of Motivate and bringing the e-bikes online was critical for Lyft. Nevertheless, defendants  
 10 Aggarwal, Green, Zimmer, Jarrett, Lawee, Miura-Ko, and Wilderotter breached their duty of loyalty by  
 11 allowing the Company to operate the e-bikes without a proper braking system in place.

12       80.     Defendants Aggarwal, Jarrett, and Wilderotter, as members of the Audit Committee,  
 13 reviewed and approved the improper statements. The Audit Committee's Charter provides that it is  
 14 responsible for overseeing Lyft's compliance with applicable laws. Thus, the Audit Committee  
 15 Defendants were responsible for knowingly or recklessly allowing the improper statements, the lack of  
 16 safety controls, and deficient e-bikes. Accordingly, the Audit Committee Defendants face a substantial  
 17 likelihood of liability for their breach of fiduciary duties so any demand upon them is futile.

#### 18 **The Board Cannot Independently Consider a Demand**

19       81.     Defendants Green and Zimmer are co-founders and executives at the Company. They  
 20 face a substantial likelihood of liability as officers of the Company for the wrongdoing described herein,  
 21 acts that are not exculpated under section 102(b)(7) of the Delaware General Corporation Law. Together,  
 22 defendants Green and Zimmer own a combined 37.5% of the Company's voting power.

23       82.     Defendant Lawee is a partner of CapitalG, a growth equity fund. Defendant Miura-Ko is  
 24 the co-founder and partner at Floodgate Fund LP, a venture capital firm. Delaware law has recognized  
 25 the unique nature of private equity funds like CapitalG and Floodgate Fund that compete to invest in  
 26 early startups. These funds risk future investment opportunities if their members vote to initiate litigation  
 27 against founders of companies in which they invest. Accordingly, defendants Lawee and Miura-Ko will  
 28 not vote to initiate litigation against defendants Green or Zimmer.

1       83. Plaintiff has not made any demand on the other stockholders of Lyft to institute this action  
2 since such demand would be a futile and useless act for at least the following reasons:

(a) Lyft is a publicly held company with over 308 million shares outstanding and  
thousands of stockholders as of November 9, 2020;

(b) making demand on such a number of stockholders would be impossible for plaintiff who has no way of finding out the names, addresses, or phone numbers of stockholders; and

(c) making demand on all stockholders would force plaintiff to incur excessive expenses, assuming all stockholders could be individually identified.

## COUNT I

### **Against the Individual Defendants for Breach of Fiduciary Duty**

11       84. Plaintiff incorporates by reference and realleges each and every allegation contained  
12 above, as though fully set forth herein.

13       85. The Individual Defendants owed and owe Lyft fiduciary obligations. By reason of their  
14 fiduciary relationships, the Individual Defendants owed and owe Lyft the highest obligation of care and  
15 loyalty.

86. The Individual Defendants and each of them, violated and breached their fiduciary duties.

17       87. As a direct and proximate result of the Individual Defendants' breaches of their fiduciary  
18 obligations, Lyft has sustained significant damages, as alleged herein. As a result of the misconduct  
19 alleged herein, these defendants are liable to the Company.

20 ||| 88. Plaintiff, on behalf of Lyft, has no adequate remedy at law.

## COUNT II

## **Against the Individual Defendants for Unjust Enrichment**

23       89. Plaintiff incorporates by reference and realleges each and every allegation contained  
24 above, as though fully set forth herein.

25       90. By their wrongful acts and omissions, the Individual Defendants were unjustly enriched  
26 at the expense of and to the detriment of Lyft. The Individual Defendants were unjustly enriched as a  
27 result of the compensation and director remuneration they received while breaching fiduciary duties owed  
28 to Lyft.

1       91. Plaintiff, as a stockholder and representative of Lyft, seeks restitution from these  
2 defendants, and each of them, and seeks an order of this Court disgorging all profits, benefits, and other  
3 compensation obtained by these defendants, and each of them, from their wrongful conduct and fiduciary  
4 breaches.

5 || 92. Plaintiff, on behalf of Lyft, has no adequate remedy at law.

### **COUNT III**

**Against the Individual Defendants for Contribution Pursuant to  
Section 11(f) of the Securities Act and Section 21D of the Exchange Act**

9       93. Plaintiff incorporates by reference and re-alleges each and every allegation set forth  
10 above, as though fully set forth herein.

11        94. Due to the conduct and events alleged herein, the Company has been named as a defendant  
12 in the securities class actions brought on behalf of Lyft stockholders in which the Company is a joint  
13 tortfeasor in claims brought under sections 11, 12(a)(2), and 15 of the Securities Act. Federal law  
14 provides Lyft with a cause of action against other alleged joint tortfeasors under section 11(f) of the  
15 Securities Act.

16        95. The plaintiffs in the securities class actions allege that the Offering Documents for the  
17 IPO were inaccurate and misleading, included untrue statements of material facts, omitted to state other  
18 facts necessary to make the statements made not misleading, and omitted to state material facts required  
19 to be stated therein.

20        96. The Individual Defendants named herein were responsible for the contents and  
21 dissemination of the Offering Documents. Lyft is the registrant for the IPO.

22        97. As issuer of the shares, Lyft is strictly liable to plaintiffs and the class for the  
23 misstatements and omissions alleged in the securities class actions.

24       98. The plaintiffs in the securities class actions allege that none of the Individual Defendants  
25 named therein made a reasonable investigation or possessed reasonable grounds for the belief that the  
26 statements contained in the Offering Documents were true and without omissions of any material facts  
27 and were not misleading.

1       99. The Individual Defendants, because of their positions of control and authority as officers  
2 and directors of Lyft, were able to and did, directly and/or indirectly, exercise control over the business  
3 and corporate affairs of Lyft, including the wrongful acts complained of herein and in the securities class  
4 actions.

5       100. Thus, the Individual Defendants are liable under section 11(f) of the Securities Act, U.S.C.  
6 §77k(f)(1), which imposes a private right of action for contribution, and section 21D of the Exchange  
7 Act, 15 U.S.C. §78u-4(f), which allows for the application of a private right of action for contribution  
8 arising out of violations of the Securities Act. As such, Lyft is entitled to receive all appropriate  
9 contribution or indemnification from the Individual Defendants.

## **PRAYER FOR RELIEF**

11 WHEREFORE, plaintiff, on behalf of Lyft, demands judgment as follows:

12       A.     Against all of the defendants and in favor of the Company for the amount of damages  
13 sustained by the Company as a result of the defendants' breaches of fiduciary duties, unjust enrichment,  
14 and contribution;

15        B. Directing Lyft to take all necessary actions to reform and improve its corporate  
16 governance and internal procedures to comply with applicable laws and to protect Lyft and its  
17 stockholders from a repeat of the damaging events described herein, including, but not limited to, putting  
18 forward for stockholder vote, resolutions for amendments to the Company's Bylaws or Articles of  
19 Incorporation and taking such other action as may be necessary to place before stockholders for a vote of  
20 the following corporate governance policies:

1. a proposal to strengthen the Company's controls over financial reporting;
2. a proposal to strengthen the Board's supervision of operations and develop and procedures for greater stockholder input into the policies and guidelines of the Board;
3. a provision to permit the stockholders of Lyft to nominate at least three candidates the Board; and
4. a proposal to strengthen Lyft's oversight of its disclosure procedures;

C. Extraordinary equitable and/or injunctive relief as permitted by law, equity, and state statutory provisions sued hereunder, including attaching, impounding, imposing a constructive trust on,

1 or otherwise restricting the proceeds of defendants' trading activities or their other assets so as to assure  
2 that plaintiff on behalf of Lyft has an effective remedy;

3 D. Awarding to Lyft restitution from defendants, and each of them, and ordering  
4 disgorgement of all profits, benefits, and other compensation obtained by the defendants;

5 E. Awarding to plaintiff the costs and disbursements of the action, including reasonable  
6 attorneys' fees, accountants' and experts' fees, costs, and expenses; and

7 F. Granting such other and further relief as the Court deems just and proper.

8 **JURY DEMAND**

9 Plaintiff demands a trial by jury.

10 Dated: February 22, 2021

ROBBINS LLP  
BRIAN J. ROBBINS  
STEPHEN J. ODDO  
ERIC M. CARRINO

13 \_\_\_\_\_  
14 /s/Brian J. Robbins  
BRIAN J. ROBBINS

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19 Attorneys for Plaintiff

20 1507667

## **VERIFICATION**

I, Brad Shuman, hereby declare as follows:

I am the plaintiff in this action. I have read the verified stockholder derivative complaint.

Based upon discussions with and reliance upon my counsel, and as to those facts of which I have personal knowledge, the complaint is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Signed and Accepted:

Dated: 2/9/2021

DocuSigned by:  
  
Brad Shuman  
363995BEC9D8481...  
**BRAD SHUMAN**